

# FY2013 2nd Quarter Business Results



VIKING U.S. Release

**YAMAHA MOTOR CO., LTD.**

August 6, 2013

## Agenda

# FY2013 2nd Quarter Business Results

### Outline:

President, CEO and Representative Director, Hiroyuki Yanagi

### Details per Segment:

Managing Executive Officer and Director,  
Kozo Shinozaki

Notice regarding the forecast consolidated results

Forecast consolidated results stated herein are based on the management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Please be advised that actual results may differ significantly from those discussed in the forecast consolidated results. Potential risks and uncertainties include, but are not limited to, general economic conditions in Yamaha Motor's major markets, changing consumer preferences and currency exchange rate fluctuations.

# Outline

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# FY13 (First Half) Operational Results



## Target for Full Business Year:

Aiming for an increase in sales and profit over the previous year.

Improve profitability in developed markets / Recovery of business scale for motorcycles in emerging markets / Expansion of other business segments

## First Half:

Sales up 11% / Operating Income up 45% over the previous year.

developed markets: Returned to profitability / Emerging motorcycle markets: Operating income increased from last year in 2Q(3-months) / Others: Sales increased from last year

(¥ Bil.)	FY12 First Half	FY13 First Half
Sales	632.2	702.8
Operating Income	20.8	30.2
Operating Income Ratio	3.3%	4.3%
Ordinary Income	24.1	30.6
Net Income	14.5	20.5

Currency Rate (\$/€)	80 yen/103 yen	96 yen/126 yen
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## Improve profitability in developed markets

- Profitability has improved due to favorable sales of marine products and foreign exchange results etc.
- Progressive launch of new motorcycles will lead to improved business scale and income from the next term.

## Recovery of business scale for motorcycles in emerging markets

- The market continues to be flat due to economic slowdown and financial restrictions.
- Strengthening product competitiveness and branding (Promotions & Sales Networks etc.).

## Expansion of other business segments

- RV: Progression of the introduction of new products will lead to a recovery of business scale & income from the next term.
- SPV & Power Products: Scale expansion continues due to the introduction of new products & customer development.
- New area development & preparation over the medium term range continues to progress.

## Structural Reform Initiatives

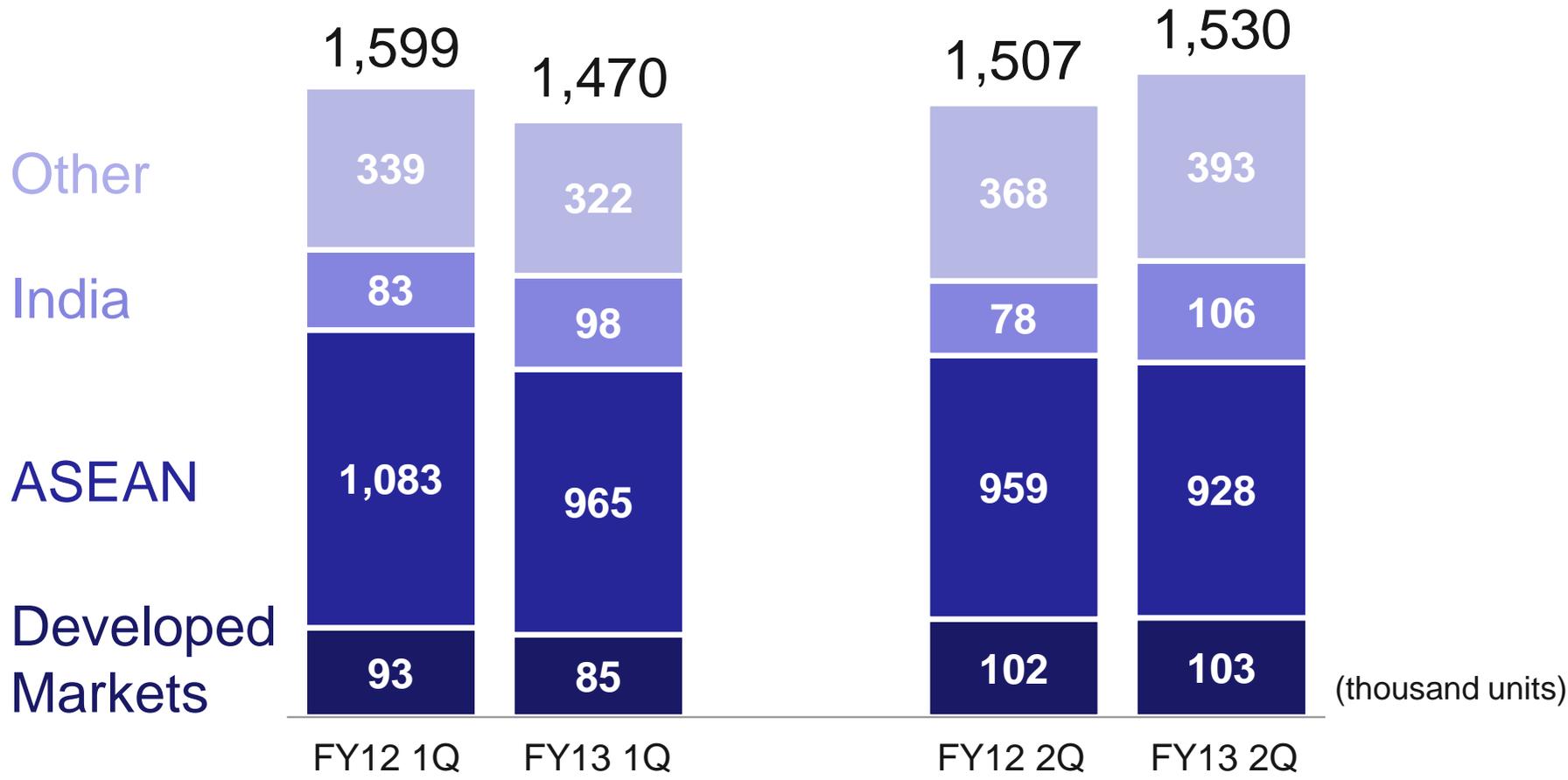
- Progression of the reorganization of domestic factories, cost-down and reforms of the operational structures in Europe.

# Motorcycle Business: Overall Sales Status



- Sales improved from 2Q in developed markets and emerging markets.
- Forecast over the period: Sales of 6.4 million units, up 310 thousand units compared to last year, (550 thousand units down on initial forecasts). This is due in particular to a weakening demand in emerging markets.

## Unit Sales



\*Developed Markets: Japan, North America, Europe (Incl. Russia), Oceania  
 ASEAN: Indonesia, Vietnam, Thailand , India: Including CBU exports

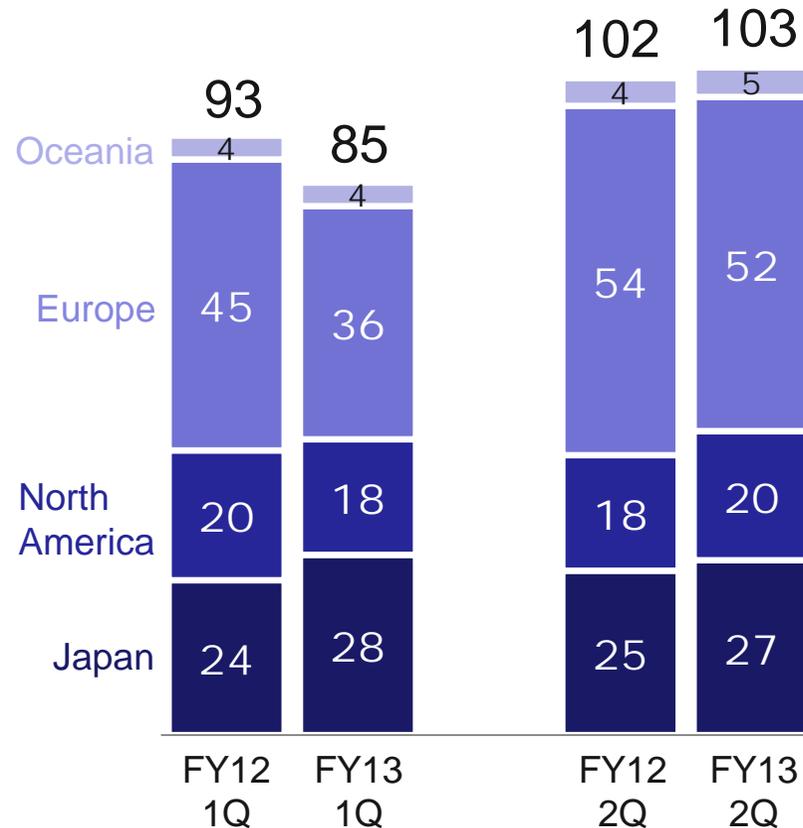
# Motorcycle Business: Developed Markets

**Japan:** Increased sales due to the introduction of new products & limited edition models (111% compared to last year).

**North America:** A recovery trend in sales due to plans for the introduction of new products & retail promotion (Comparison to last year: 1Q 89%, 2Q 111%).

**Europe:** Sales decreases through continued slump in the economic environment (89% compared to last year), Introduction of new product from 3Q onwards.

## Unit Sales



### Main Initiatives

- Strategy using high-performance, lightweight, fuel-efficient + design concept
- Strengthening Branding (Promotions & Sales Networks etc.)



BOLT

(thousand units)

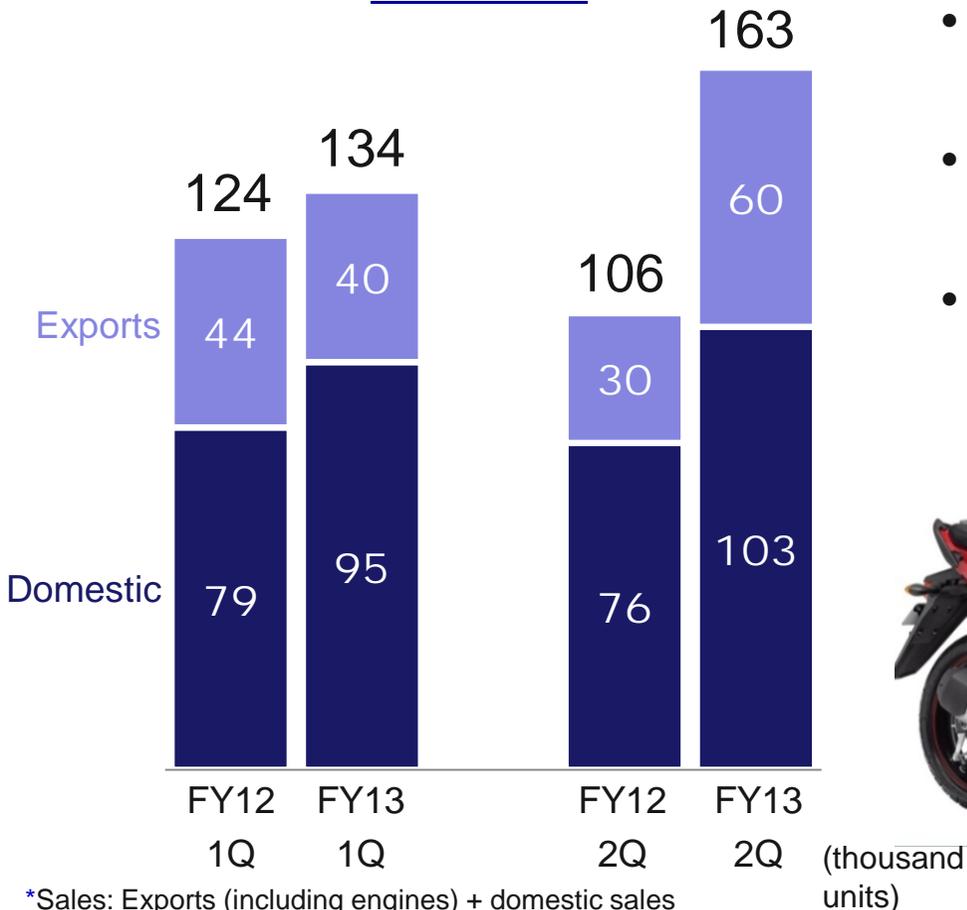


MT-09

# Motorcycle Business: Indian Market

- Growth pace has showed slight slow down (99% on the previous year).
- Yamaha sales have achieved significant gains (Domestic: 127% / Exports: 134% compared to the previous year).

## Unit Sales



## Main Initiatives

- Upgrading Product Competitiveness
  - Deluxe Models: Improving Brand Strength
  - Scooter: Expansion of Product Lineup
- Promotional Initiatives
  - Providing Test Ride Events: Aims to offer test riding opportunities to 10 million people
- Accelerate the design to meet the market demand (Cost down)



FZS



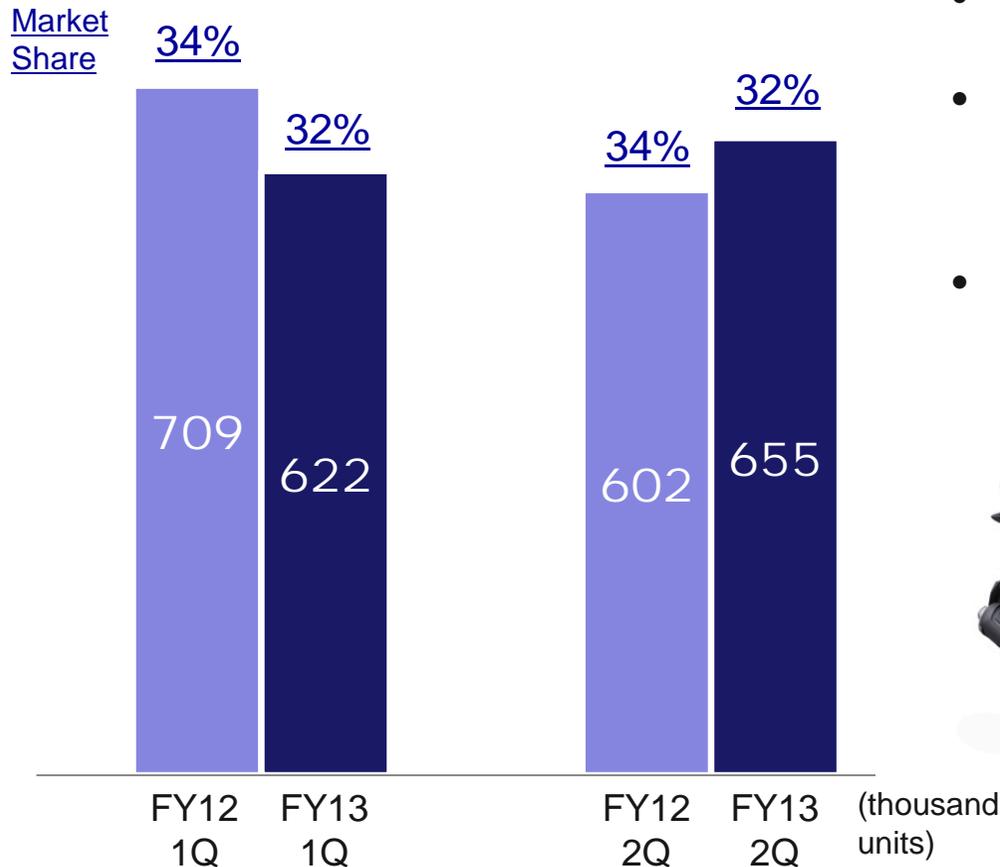
RAY

\*Sales: Exports (including engines) + domestic sales

# Motorcycle Business: Indonesian Market

- Total Demand is up on last year (3.92 million units, up 106% on the previous year).
- Sales decreased slightly due to drop in demand from the outer islands (97% on last years level at 1.28 million units).
- The forecast for the year is set at 7.2 million units (102%) - Yamaha sales forecast is for approx. 2.55 million units (105%).

## Unit Sales



## Main Initiatives

- The introduction of local development models with locally focused solutions
- Promotional Initiatives
  - Yamaha Motor Shows (1,000 Planned exhibits)
  - Building relationships with future customers (Kids YSRs)
- Strengthening Sales Networks (CCS), CRM



V-IXION



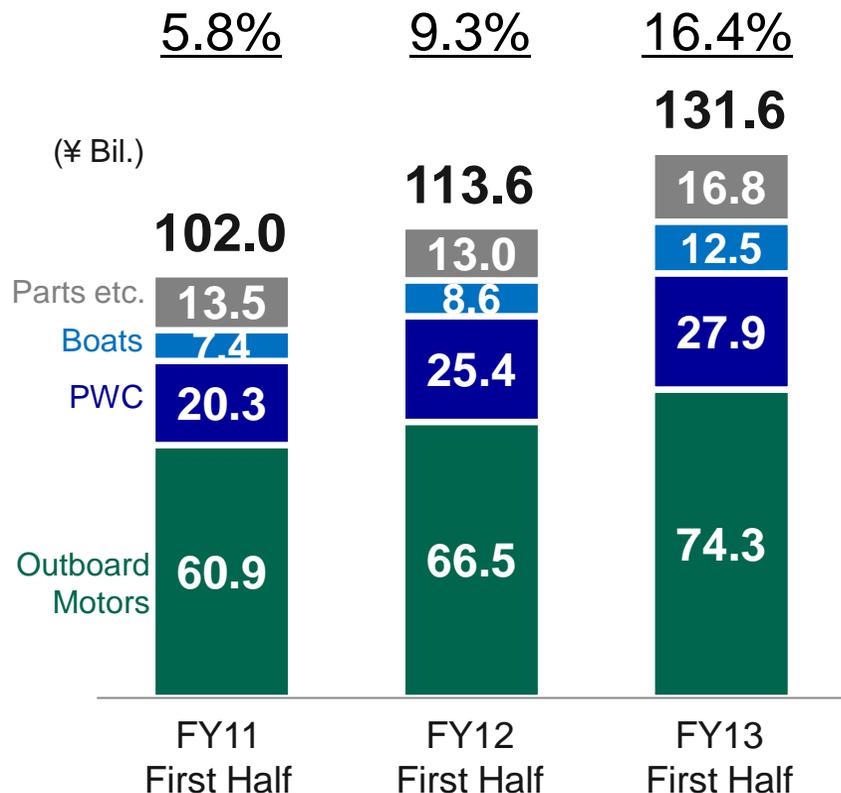
X RIDE

# Marine Products Business

Improvements in profitability & revenue, with notable gains achieved in the operating income ratio.

- Outboard Motors: new product introduction (200HP), Increased sales of larger models in the US.
- Boats: Domestic Sales gain momentum, in particular increasing sales of small to medium sized models.
- Personal Watercraft: Firming market, sales increased from last year.

## Sales and Operating Income Ratio



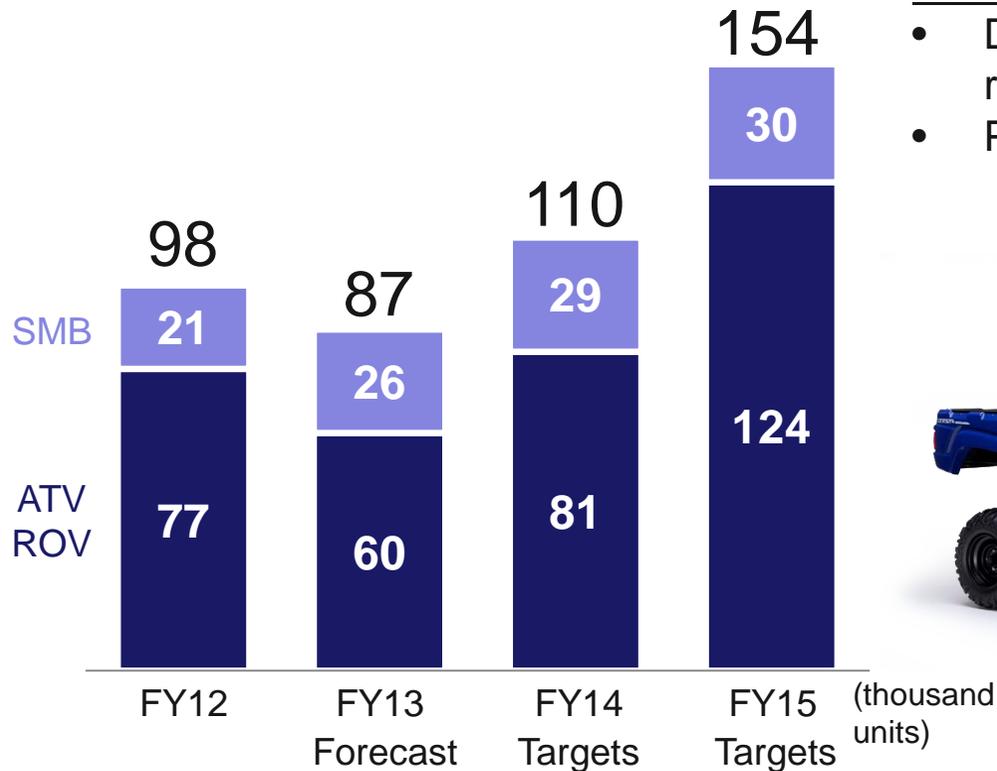
## Initiatives for Emerging Markets

- Russia: Increasing Outboard Engine Sales (38 thousand Units / 122%)
  - Aiming to create a sub sales network of 100 thousand units
- Brazil: Increasing Outboard Engine Sales (20 thousand units / 106%)
- China: Penetrating the fishing boat market (Estimated Market Scale: 700 thousand units)



- ROV: Introduction of new products (July), and work towards recovering a strengthened lineup by continued further product introduction over the next 5 years.
- SMB: Introduction of new products to North America using other OEM companies (October). Increasing our sales scale in the growing Russian market (126% compared to last year).

## Unit Sales



## Main Initiatives

- Developing a lineup with high performance & high reliability
- Plans to decrease FX sensitivity.



VIKING

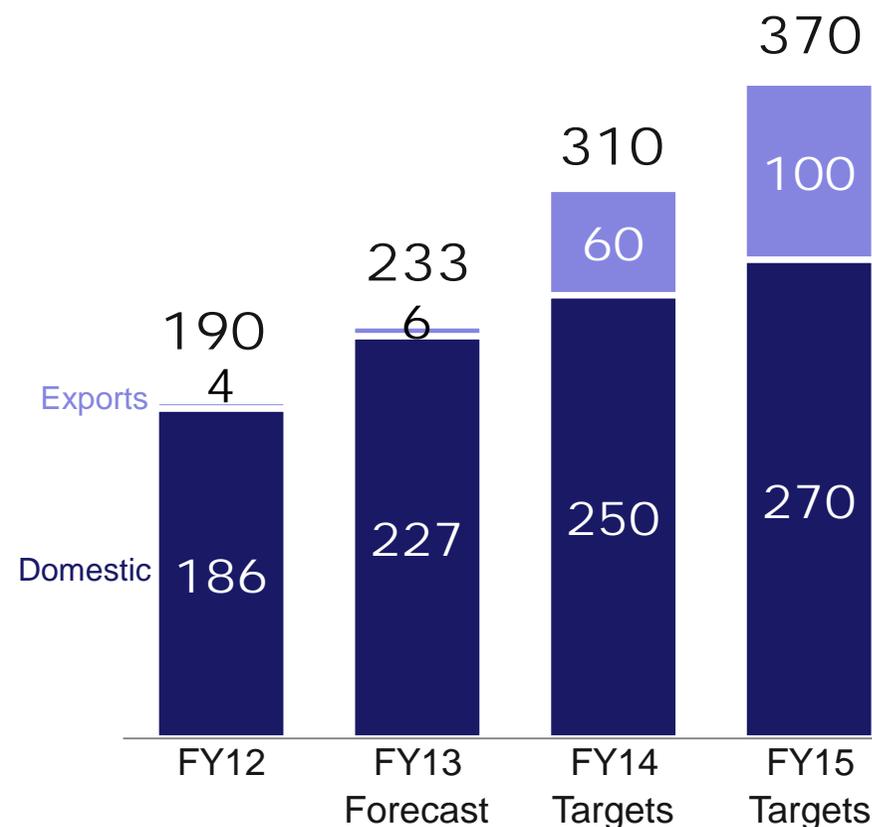


VK540

# SPV Business: PAS

- Japan: Introduction of a triple sensor (February) - 122% compared to last year due to demand acquisition.
- Europe: Business tie-ups with 3 companies (+ Expected several companies) - To be implemented from next term.
- Aiming for the best possible position by 2015 with 370 thousand units sold globally.

## Unit Sales



## Main Initiatives

- Upgrading Product competitiveness
  - Development of the smallest/lightest power unit
  - Increasing battery procurement on a global scale
  - Introduction of large-capacity battery / fast charging
- Development of new customers both domestically and internationally



Domestic Models



Europe E-Kit

\*PAS:Electrically power assisted bicycles

# FY13 Operating Income Forecast (Full Year)



- Revised Forecast: Increased sales of 20% and operating income of 196% .
- Dividend: Annual estimate of 20 yen, medium-term implementation of 10 yen.

(¥ Bil.)	FY2012	FY2013 Revised Forecast 6. Aug	2013 Initial Forecast 14. Feb
Sales	1,207.7	1,450.0	1,400.0
Operating Income	18.6	55.0	50.0
Operating Income Ratio	1.5%	3.8%	3.6%
Ordinary Income	27.3	59.0	52.0
Net Income	7.5	34.0	28.0

Currency Rate (\$/€)	80 yen/ 103 yen	95 yen/ 125 yen	87 yen/ 115 yen
Cash Dividend	10 yen	20 yen	17 yen

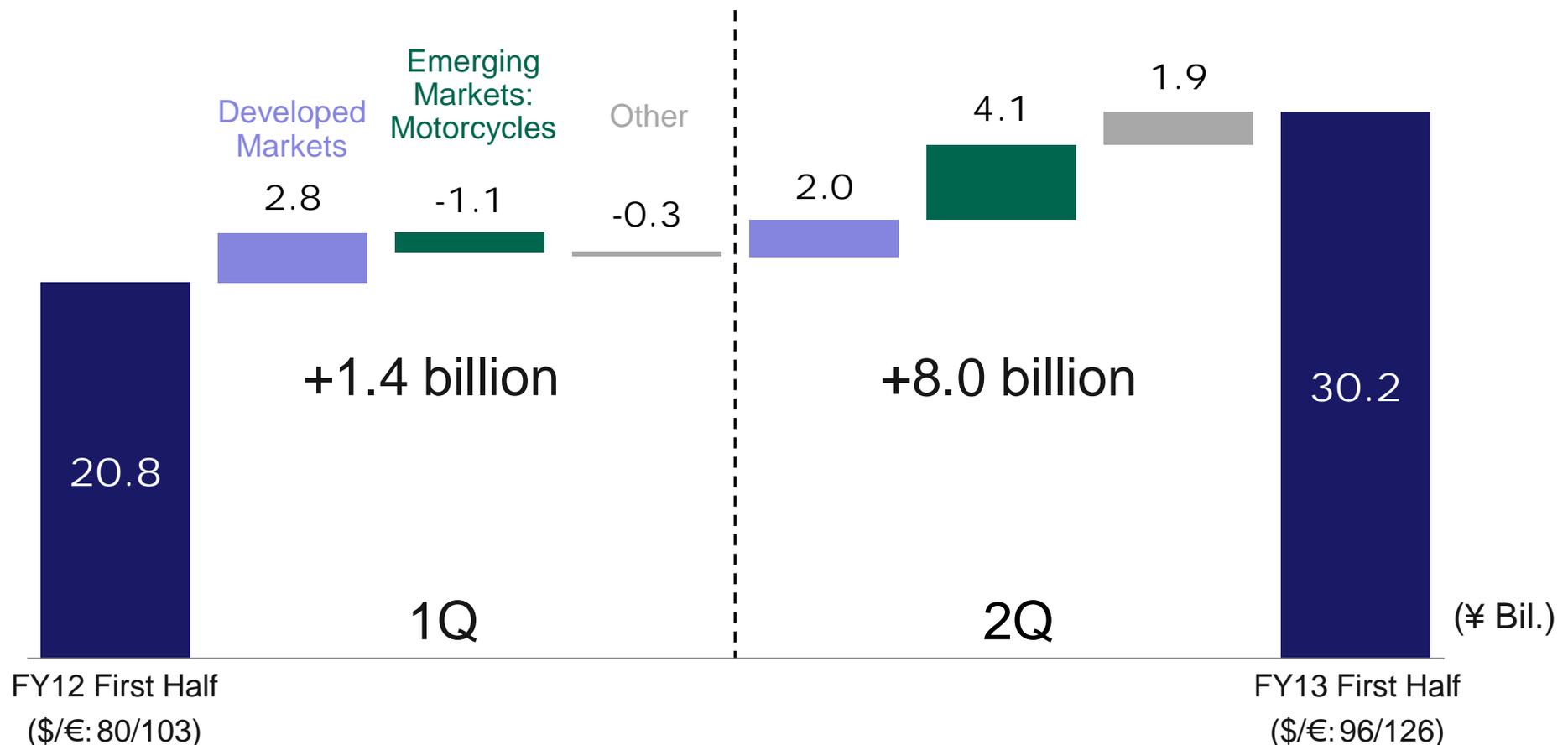
# Details per Segment

# FY13 (First Half) Causes of Changes in Operating Income

(Compared to previous year)



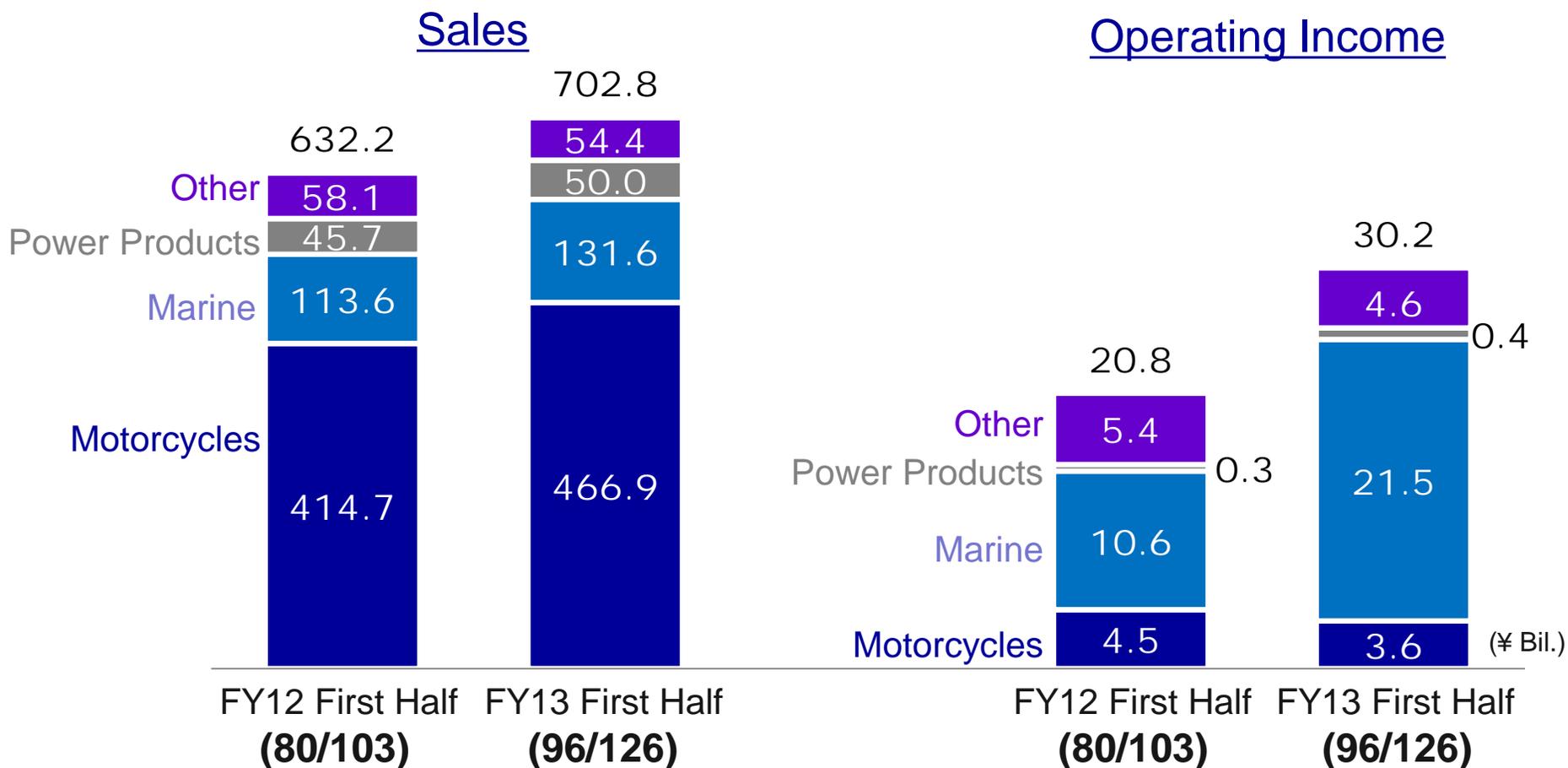
- Developed Markets: Increase in marine profitability due to promising sales of marine products and favorable foreign exchange results etc.
- Motorcycle Business in emerging markets: Decrease in unit sales in ASEAN, but profits are increasing.
- Other Business Segments: Increased marine profits from products for Russia & Brazil.



# FY13(First Half) Operating Income and Sales



- Motorcycles: Increased profitability in emerging markets. Developed markets are slightly down (this is due to increased development costs & promotional fees along with costs involving structural reforms in Europe).
- Marine: Significant profit increase due to favorable sales of large models in the US Outboard motor Market.



Others: Includes Industrial Machinery & Robots

# FY13 Operating Income Forecast (Full Year)



Operating Income has been recovered to 2011 levels. Improved to an EPS of 97 yen.

(¥ Bil.)	FY11 Results	FY12 Results	2013 Revised Forecast (6. Aug)
Sales	1,276.2	1,207.7	1,450.0
Operating Income	53.4	18.6	55.0
Operating Income Ratio	4.2%	1.5%	3.8%
Current Earnings	63.5	27.3	59.0
Net Income	27.0	7.5	34.0

Currency Rate (\$/€)	80 yen/111 yen	80 yen/103 yen	95 yen/125 yen
D/E Ratio (NET)	0.5	0.7	0.6
EPS	77 yen	21 yen	97 yen

# FY13 Full year: Causes of Changes in Operating Income



(Compared to previous year)

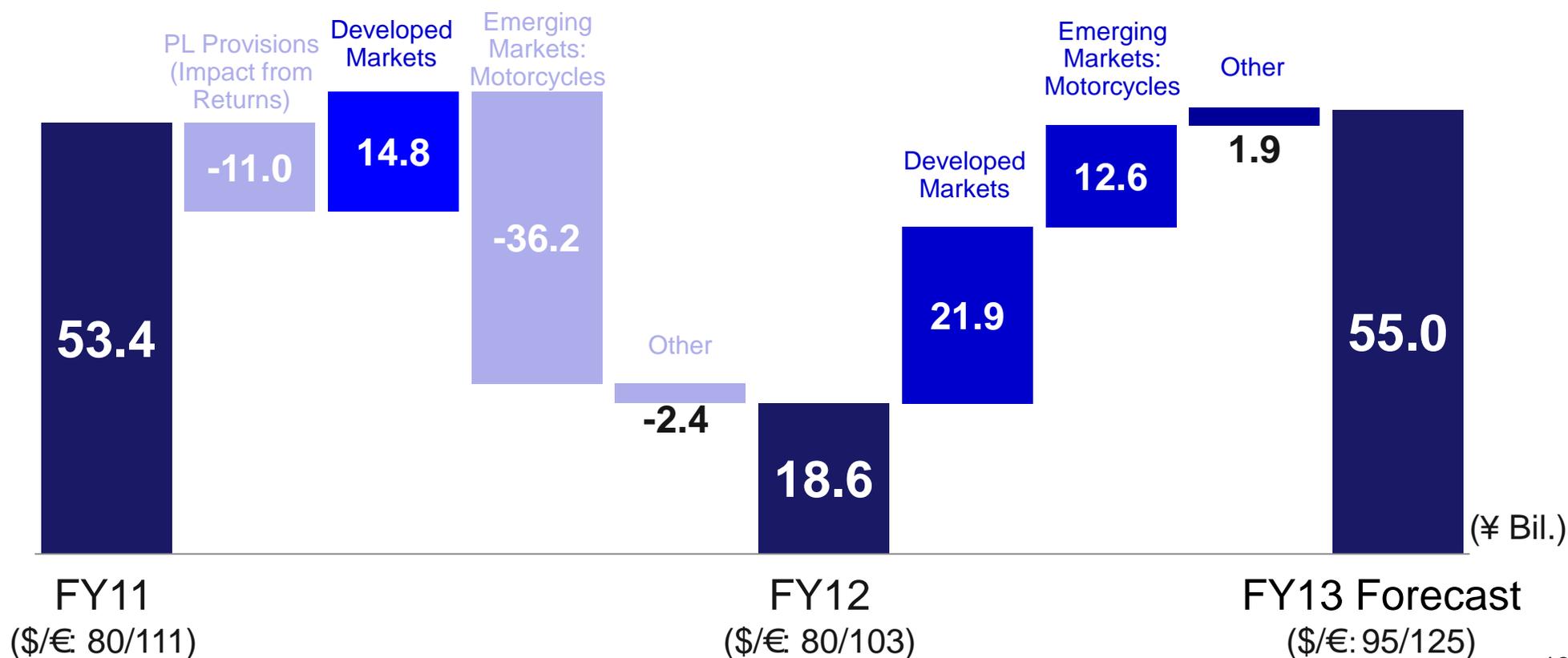
- Developed Markets: Expected black ink due to improved marine sales and foreign exchange results.
- Motorcycle Business in emerging markets: Expected income increase due to improvements in scale & profitability.

## Motorcycle Unit Sales

6.98 mil. units

6.09 mil. units

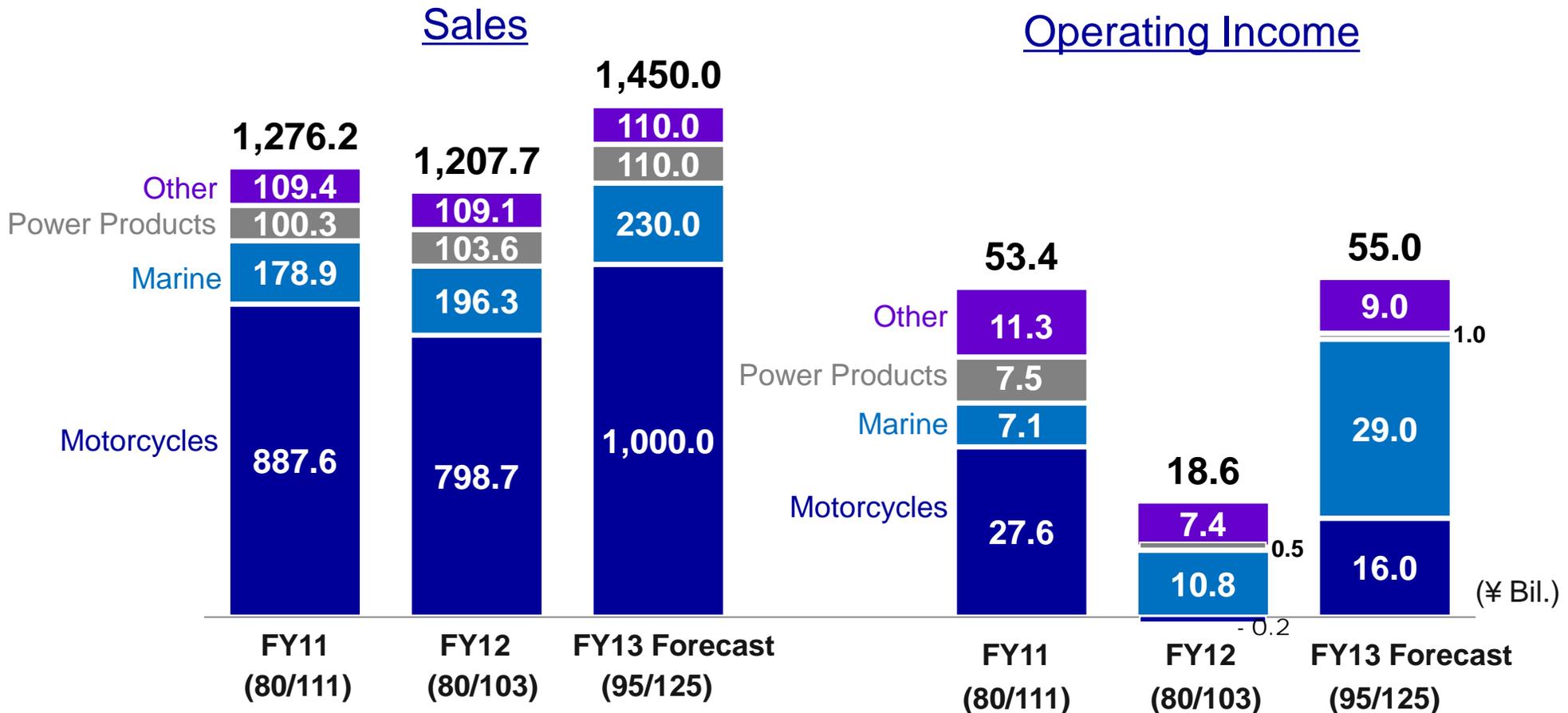
6.40 mil. units



# FY13 Sales and Operating Income



- Motorcycles: Continued Income Improvement (recovery of scale + cost-down)
- Marine: Aiming for sales of 300 billion yen through targeting further increases in income and profitability.
- Power Products: Promoting the introduction of new products to assist business recovery.



\*Others: Includes Industrial Machinery & Robots



*Revs Your Heart*

# Unit Data (Total Demand/Yamaha Wholesales)



(thousand units)

	Total demand (Yamaha survey)	
	FY12	FY13 Forecasts
Japan	442	466
North America	502	499
Europe	1,744	1,638
Indonesia	7,064	7,200
Thailand	2,129	2,100
India	13,806	14,000
Vietnam	3,109	3,116
Taiwan	628	660
China	12,630	11,620
Other Asian countries	4,537	4,477
<b>Asia (Total)</b>	<b>43,903</b>	<b>43,172</b>
Brazil	1,654	1,663
Other countries	7,244	8,177
Other countries (Total)	8,897	9,840
<b>Motorcycles</b>	<b>55,490</b>	<b>55,616</b>
<b>Outboard motors</b>	<b>759</b>	<b>777</b>
<b>ATVs</b>	<b>516</b>	<b>495</b>
<b>PASs</b>	<b>386</b>	<b>435</b>

	Yamaha Wholesales			
	FY10	FY11	FY12	FY13 Forecasts
Japan	99	101	94	104
North America	53	64	71	76
Europe	227	185	165	168
Indonesia	3,326	3,136	2,423	2,550
Thailand	506	473	550	420
India	259	343	348	500
Vietnam	776	988	922	920
Taiwan	173	183	179	193
China	700	608	492	520
Other Asian countries	343	327	313	336
<b>Asia (Total)</b>	<b>6,084</b>	<b>6,059</b>	<b>5,228</b>	<b>5,439</b>
Brazil	227	242	164	194
Other countries	271	331	369	425
Other countries (Total)	497	573	533	619
<b>Motorcycles</b>	<b>6,960</b>	<b>6,982</b>	<b>6,090</b>	<b>6,405</b>
<b>Outboard motors</b>	<b>272</b>	<b>303</b>	<b>322</b>	<b>311</b>
<b>ATVs</b>	<b>81</b>	<b>75</b>	<b>70</b>	<b>52</b>
<b>PASs</b>	<b>93</b>	<b>105</b>	<b>104</b>	<b>130</b>

# Details of Net Sales and Operating Income

## Net Sales (¥ Bil.)

	2Q(6-months)			Full Year		
	FY12	FY13	vs LY	FY12	FY13 Forecast	vs LY
Motorcycles	<b>414.7</b>	466.9	<b>52.2</b>	<b>798.7</b>	1,000.0	<b>201.3</b>
Marine	<b>113.6</b>	131.6	<b>18.0</b>	<b>196.3</b>	230.0	<b>33.7</b>
Power Products	<b>45.7</b>	50.0	<b>4.3</b>	<b>103.6</b>	110.0	<b>6.4</b>
Industrial Machinery & Robots	<b>17.5</b>	15.6	<b>-1.9</b>	<b>30.8</b>	34.0	<b>3.2</b>
Others	<b>40.7</b>	38.8	<b>-1.9</b>	<b>78.3</b>	76.0	<b>-2.3</b>
<b>TOTAL</b>	<b>632.2</b>	702.8	<b>70.6</b>	<b>1207.7</b>	1450.0	<b>242.3</b>

## Operating Income (¥ Bil.)

Motorcycles	<b>4.5</b>	3.6	<b>-0.9</b>	<b>-0.2</b>	<b>16.0</b>	<b>16.2</b>
Marine	<b>10.6</b>	21.5	<b>11.0</b>	<b>10.8</b>	<b>29.0</b>	<b>18.2</b>
Power Products	<b>0.3</b>	0.4	<b>0.2</b>	<b>0.5</b>	<b>1.0</b>	<b>0.5</b>
Industrial Machinery & Robots	<b>3.1</b>	1.6	<b>-1.5</b>	<b>3.8</b>	<b>5.0</b>	<b>1.2</b>
Others	<b>2.3</b>	3.0	<b>0.6</b>	<b>3.6</b>	<b>4.0</b>	<b>0.4</b>
<b>TOTAL</b>	<b>20.8</b>	30.2	<b>9.4</b>	<b>18.6</b>	<b>55.0</b>	<b>36.4</b>

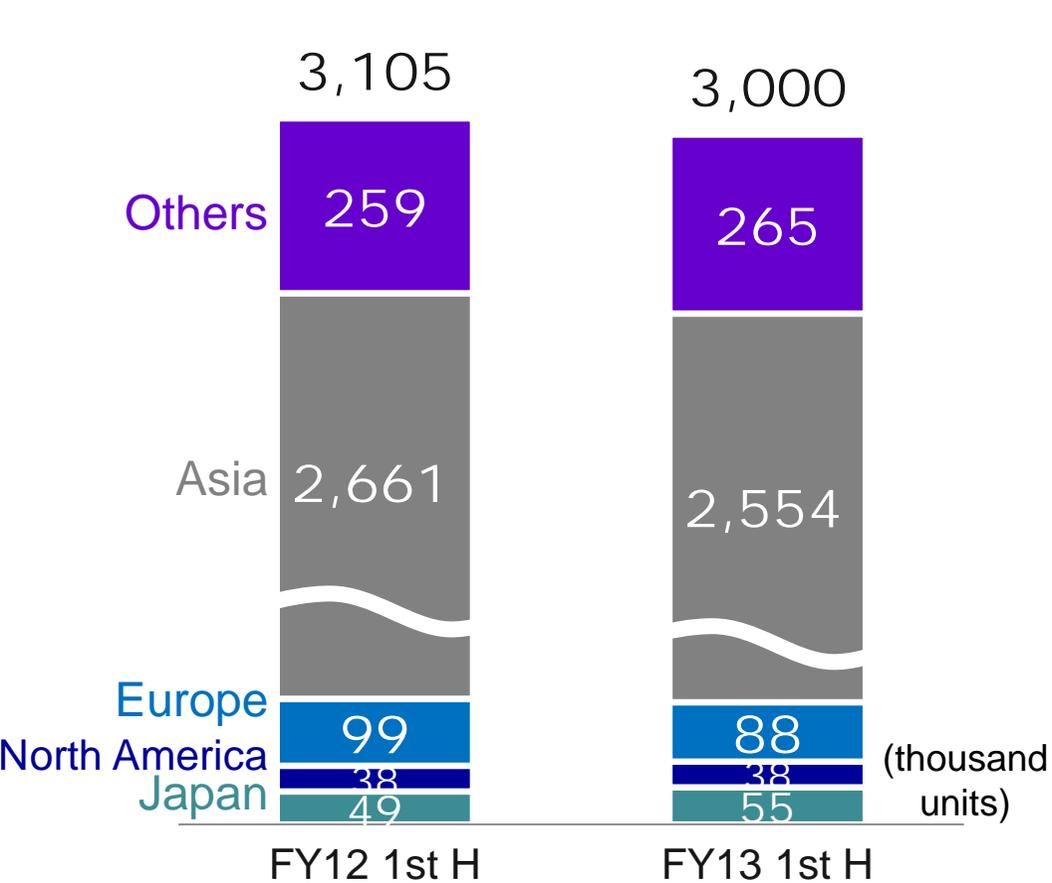
## Operating Income Ratio (%)

Motorcycles	<b>1.1%</b>	0.8%	<b>-0.3%</b>	<b>0.0%</b>	<b>1.6%</b>	<b>1.6%</b>
Marine	<b>9.3</b>	16.4	<b>7.1</b>	<b>5.5</b>	<b>12.6</b>	<b>7.1</b>
Power Products	<b>0.6</b>	0.9	<b>0.3</b>	<b>0.5</b>	<b>0.9</b>	<b>0.4</b>
Industrial Machinery & Robots	<b>17.8</b>	10.4	<b>-7.4</b>	<b>12.4</b>	<b>14.7</b>	<b>2.3</b>
Others	<b>5.7</b>	7.7	<b>1.9</b>	<b>4.6</b>	<b>5.3</b>	<b>0.7</b>
<b>TOTAL</b>	<b>3.3</b>	4.3	<b>1.0</b>	<b>1.5</b>	<b>3.8</b>	<b>2.3</b>

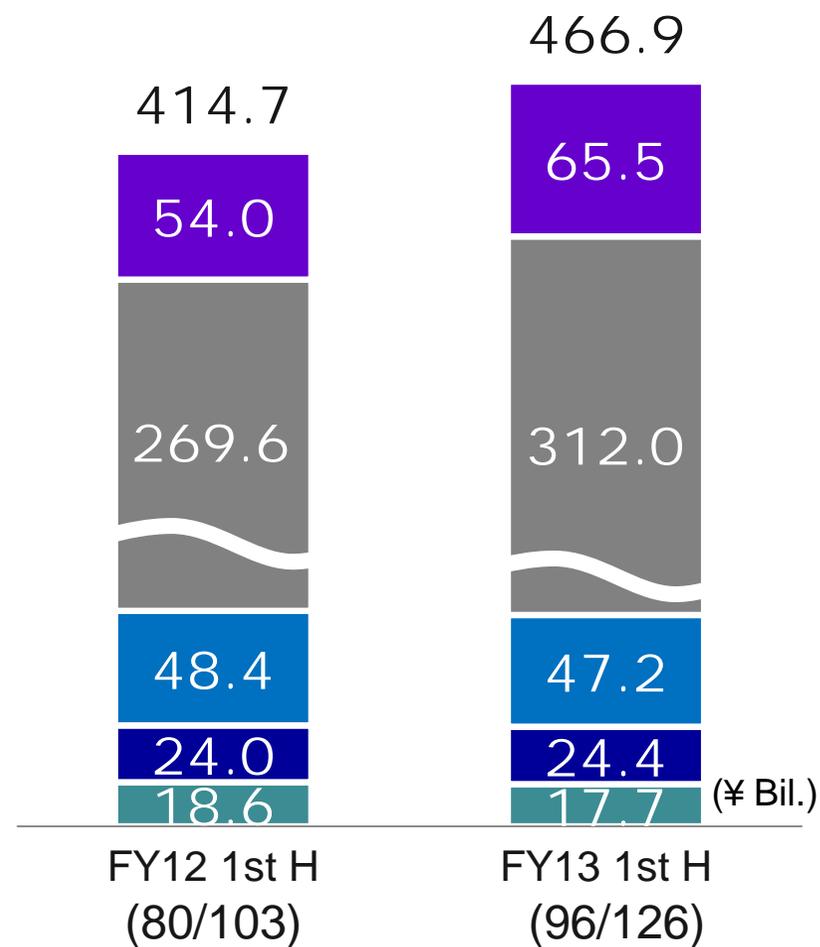
# FY13 1H motorcycles sales units and net sales



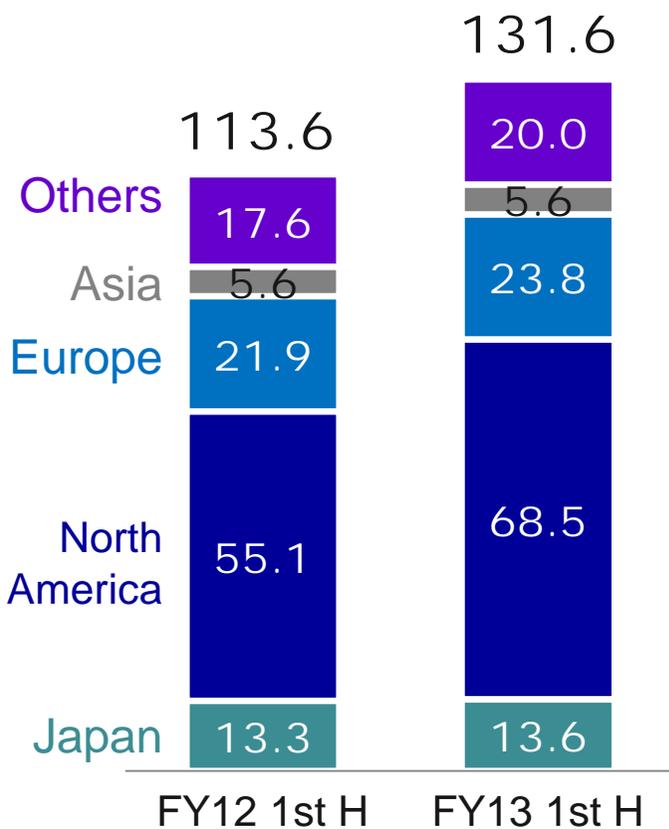
## Unit sales



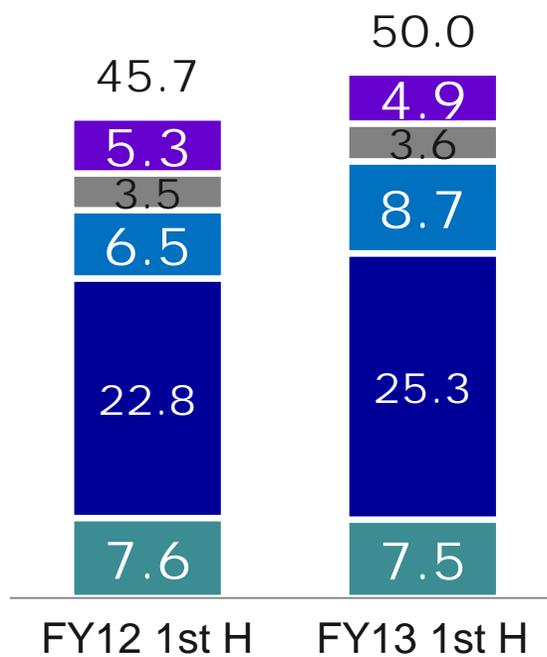
## Net Sales



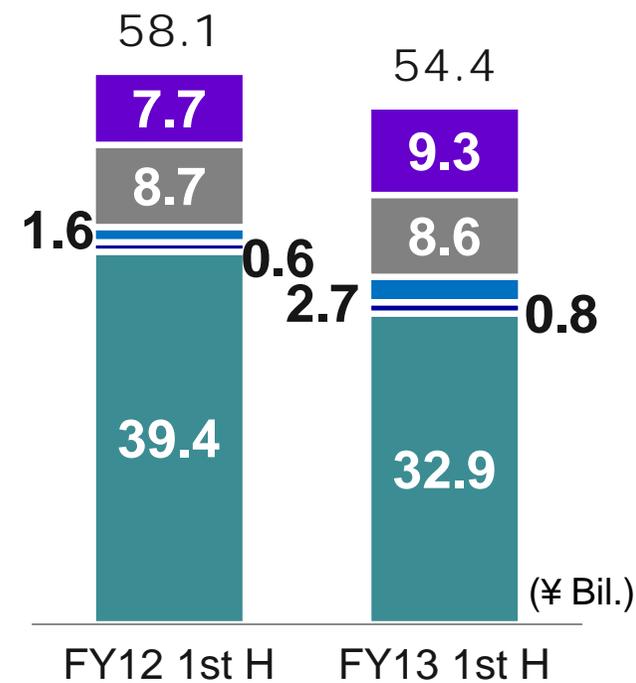
## Marine



## Power Products



## Others

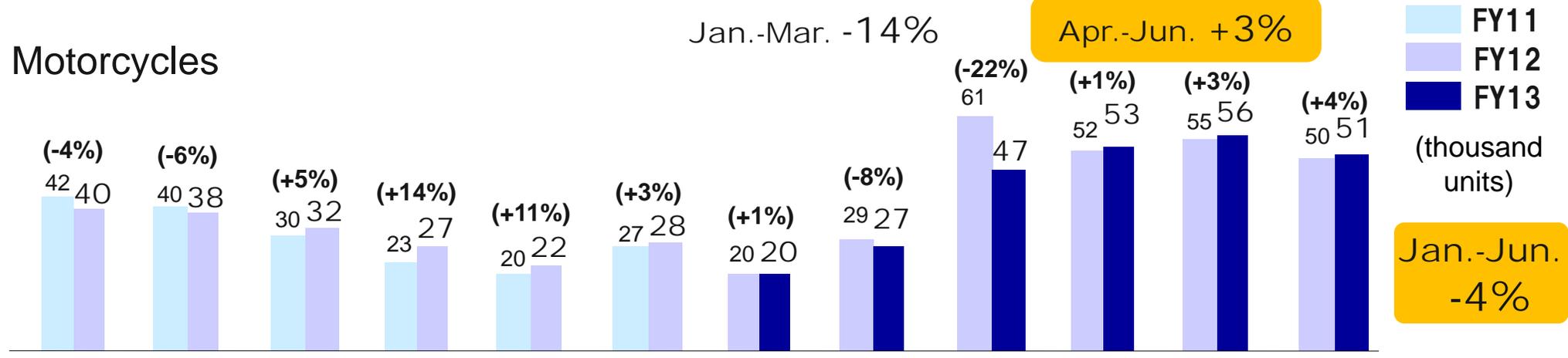


(¥ Bil.)

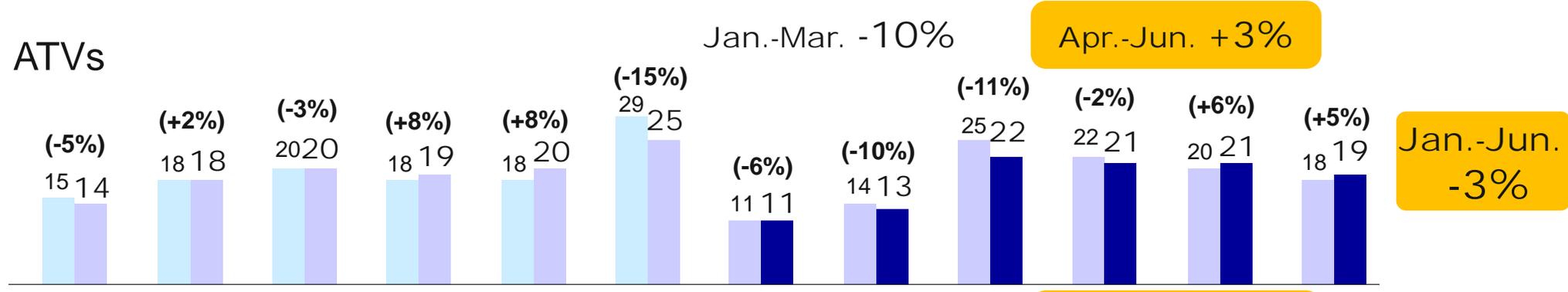
\* Others: Includes Industrial Machinery & Robots

# Monthly Total Demand for Major U.S. Products

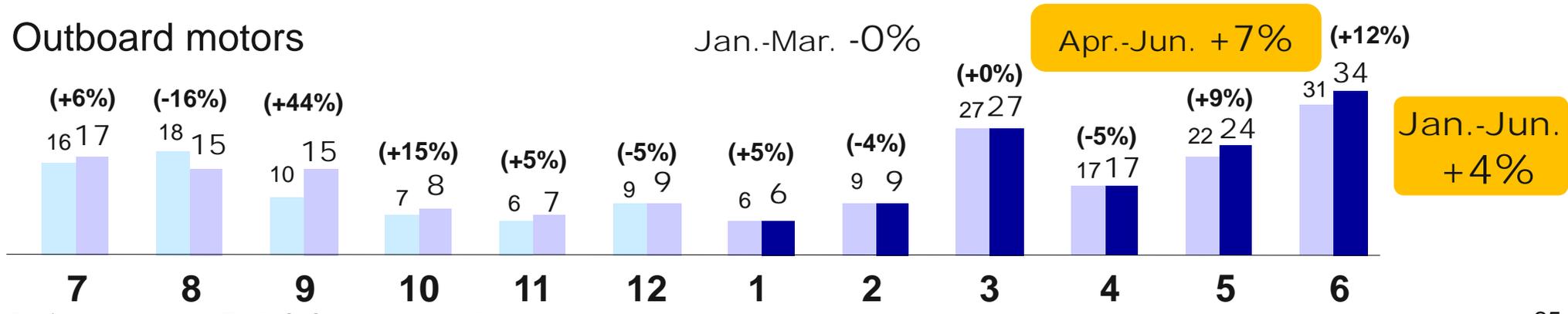
## Motorcycles



## ATVs



## Outboard motors



Data) Motorcycle and ATV: MIC, Outboard motor: NMMA

## Retail

(thousand units)

	2Q (3 months)			First Half		
	FY12	FY13	vs LY	FY12	FY13	vs LY
Motorcycle	<b>23</b>	23	<b>+1%</b>	<b>37</b>	33	<b>-9%</b>
ATVs	<b>10</b>	10	<b>-4%</b>	<b>18</b>	17	<b>-7%</b>
Outboard motors	<b>23</b>	25	<b>+7%</b>	<b>40</b>	43	<b>+7%</b>

## Wholesale

(thousand units)

	2Q (3 months)			First Half		
	FY12	FY13	vs LY	FY12	FY13	vs LY
Motorcycle	<b>16</b>	17	<b>+10%</b>	<b>33</b>	32	<b>-2%</b>
ATVs	<b>6</b>	6	<b>+1%</b>	<b>14</b>	12	<b>-13%</b>
Outboard motors	<b>17</b>	19	<b>+12%</b>	<b>38</b>	40	<b>+6%</b>

# Effects of Foreign Exchange (Compared with Previous Year)

(¥ Bil.)	FY13 First Half			
	US\$	EURO	Other	Total
Currency Rate Impact on HQ Imports and Exports	12.6	5.1	0.0	17.7
Impact on Gross Income (Overseas Subsidiaries)	3.0	1.8	10.0	14.8
Impact on SG&A Expenses (Overseas Subsidiaries)	-3.0	-2.4	-7.7	-13.0
Impact on Operating Income	12.6	4.5	2.4	19.5

FY13 Forecast			
US\$	EURO	Other	Total
24.8	9.6	0.0	34.4
5.4	3.5	25.9	34.8
-5.4	-4.7	-19.8	-29.9
24.8	8.4	6.1	39.3

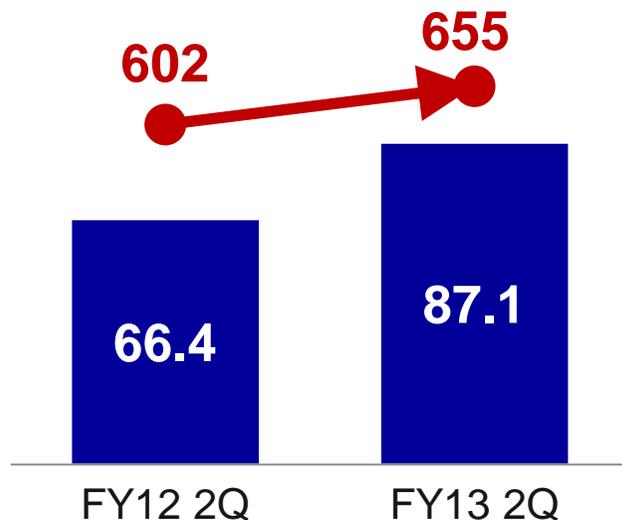
Impact of fluctuation by one yen

US\$ EURO  
0.8 0.2

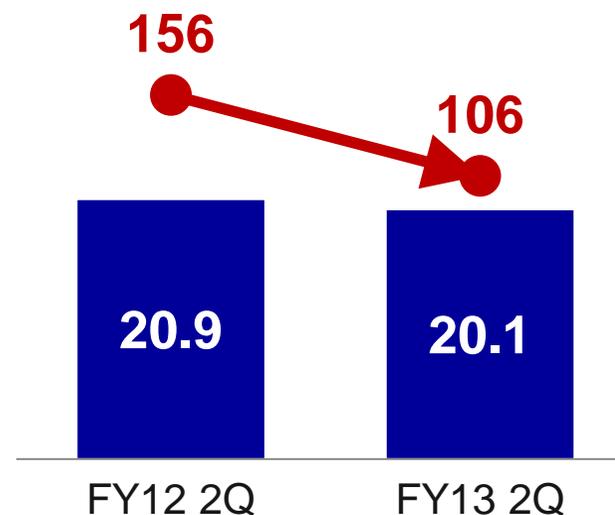
US\$ EURO  
1.6 0.4

# Sales in main countries in Asia (2Q-3months)

## Indonesia (YIMM)



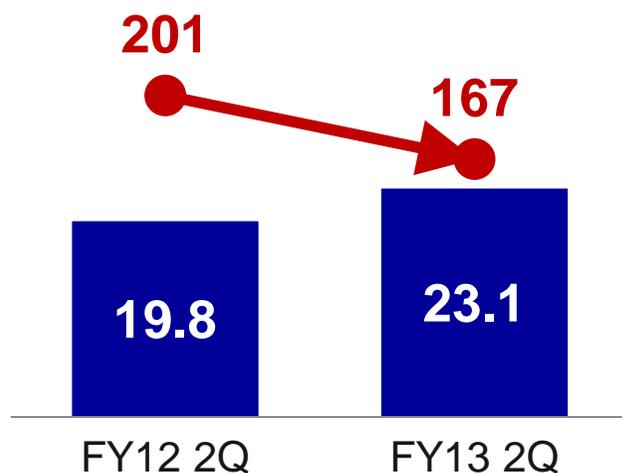
## Thailand (TYM)



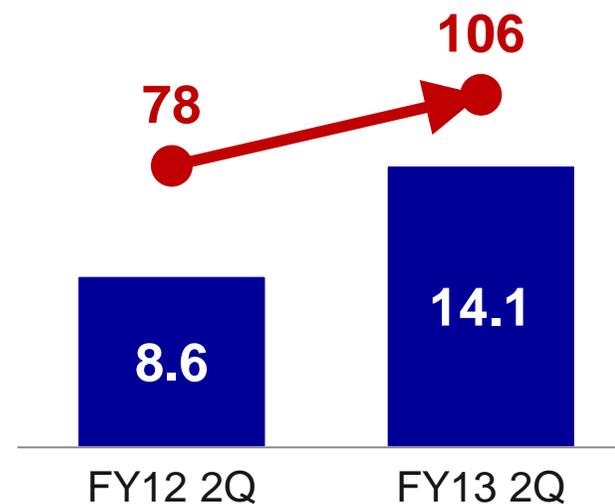
Unit sales  
(thousand units)

Sales Figures  
(¥ Bil.)

## Vietnam (YMVN)

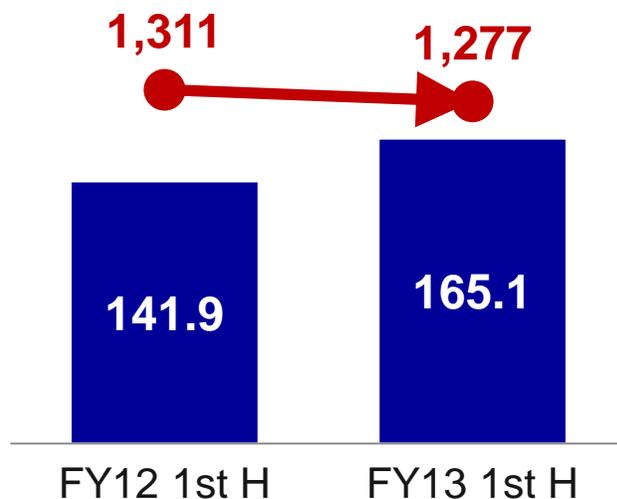


## India (IYM)

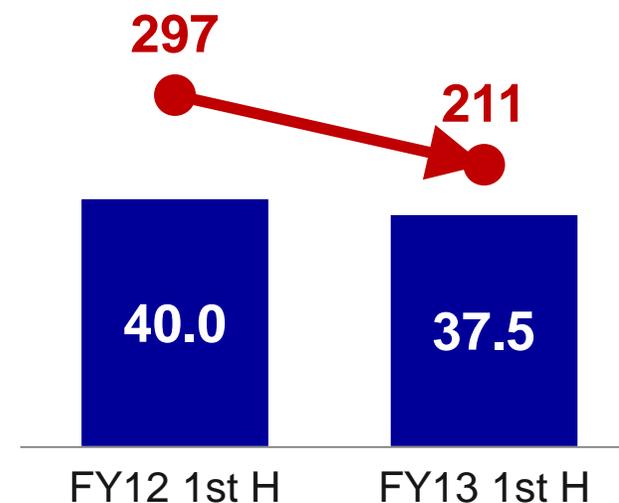


# Sales in main countries in Asia (2Q-6months)

## Indonesia (YIMM)



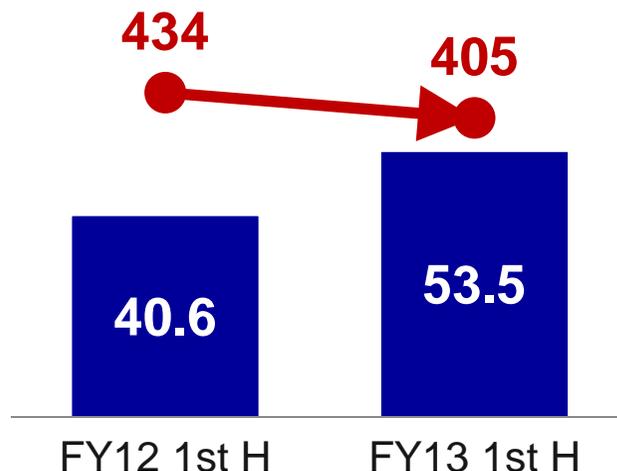
## Thailand (TYM)



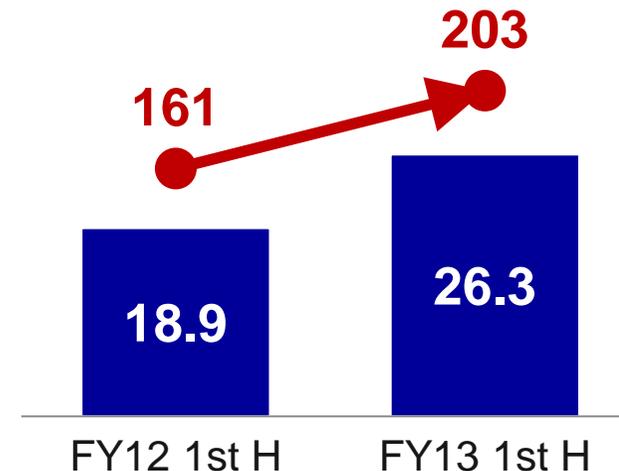
Unit sales  
(1,000 units)

Sales Figures  
(¥ Bil.)

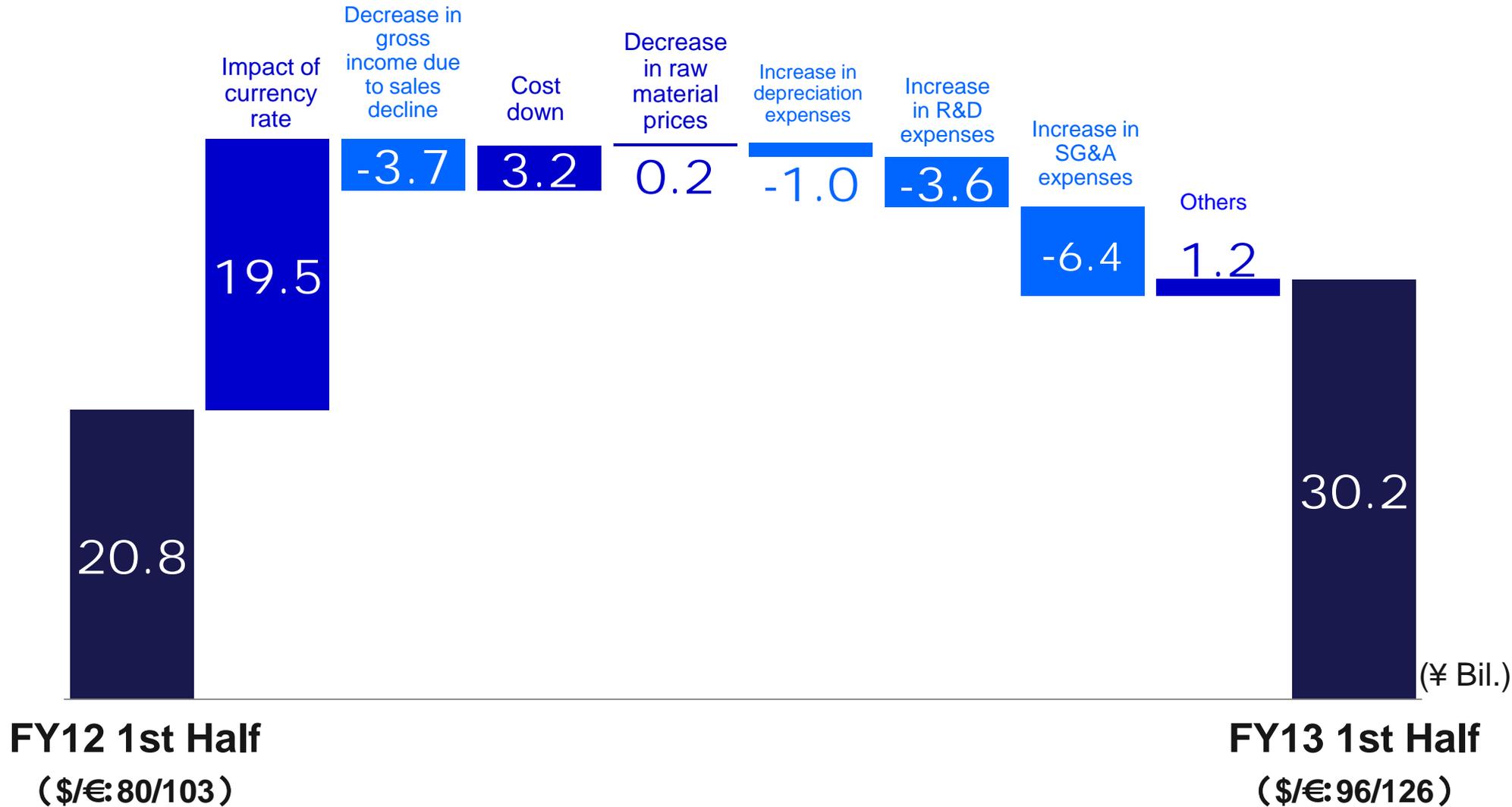
## Vietnam (YMVN)



## India (IYM)



# FY13 First Half Causes of Changes in Operating Income (compared to previous year)



# FY13 Full Year Causes of Changes in Operating Income (compared to previous year)

